

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 AGR-05 TAR-01 L-02 PA-01

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8571

INFO ALL EC CAPITALS 490

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: FRENCH-ITALIAN WINE WAR

REF: (A) PARIS 07763; (B) PARIS 07991

1. THE APPARENT DECISION BY FRANCE TO BAN IMPORTS OF ITALIAN WINE UNTIL APRIL 28 (REF. B) HAS SENT SHOCKWAVES THROUGHOUT COMMUNITY CIRCLES IN BRUSSELS. THIS LATEST JOLT TO THE COMMON AGRICULTURAL POLICY, COMING ON THE HEELS OF LAST SUMMER'S RASH OF NATIONAL AID MEASURES, CONSTITUTES ANOTHER DANGEROUS PRECEDENT FOR DEALING WITH REGIONAL AGRICULTURAL PROBLEMS OUTSIDE THE COMMUNITY FRAMEWORK AND IN CONTRAVENTION OF CAP RULES. THERE ARE REAL FEARS THAT THE FRENCH ACTION, UNLESS STOPPED IN ITS TRACKS, WILL ENCOURAGE OTHER MEMBER STATES TO TAKE SIMILAR MEASURES TO PROTECT NOT ONLY THEIR AGRICULTURAL INTERESTS BUT ALSO THEIR INDUSTRIAL BASE IN THE FACE OF GROWING FARM AND LABOR UNREST, BALANCE OF PAYMENTS DIFFICULTIES AND THE

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SLUMP IN THE STEEL SECTOR.

2. ITALY HAS SO FAR SHOWN RESTRAINT IN REACTING TO THE FRENCH EMBARGO. ALTHOUGH MOUTHING THREATS OF RETALIATION, THE ITALIANS HAVE NOT AS YET STEPPED BEYOND REQUESTING AN EXTRAORDINARY MEETING OF THE COUNCIL OF AGRICULTURAL MINISTERS FOR APRIL 7, WELL BEFORE THE NEXT SCHEDULED MEETING OF APRIL 28. AT LAST WORK, THE COMMUNITY HAD AGREED IN PRINCIPLE TO THE ITALIAN REQUEST BUT HAD NOT SET A DATE FOR THE MEETING. DUTCH PERMREP SOURCES BELIEVE THAT APRIL 14 IS A LIKELY DATE SINCE BY APRIL 7. A NUMBER OF EC OFFICIALS MAY NOT HAVE RETURNED FROM VACATION.

3. IF THE EXTRAORDINARY COUNCIL MEETING TAKES PLACE, WINE MAY NOT BE THE ONLY SUBJECT DISCUSSED. THERE IS CONCERN IN THE COMMISSION THAT THE MEMBER STATES MAY RAISE A WHOLE HOST OF OTHER ISSUES, SUCH AS LOW-PRICED IMPORTS INTO THE UK OF FRENCH EGGS. THIS COULD SEVE ONLY TO TURN THE MEETING INTO A FREE-FOR-ALL, WITH NOTHING OF SUBSTANCE ACCOMPLISHED. LARDINOIS' SKILLS IN MOVING THE MINISTERS TOWARD A FACE-SAVING AND "COMMUNAUTAIRE" SOLUTION WILL CERATINLY BE TESTED.

4. ACCORDING TO A COMMISSION PRESS SPOKESMAN, THE COMMISSION HAS NOT BEEN FORMALLY NOTIFIED BY FRANCE OF AN OFFICIAL FRENCH EMBARGO ON ITALIAN WINES. IN REPLY TO A STLEXED QUERY, THE COMMISSION ON MARCH 27 RECEIVED A MESSAGE FROM THE GOF STATING THAT THE FRENCH TRADE HAS EMBARGOED ITALIAN WINES BUT THAT THE FRENCH GOVERNMENT WAS NOT PARTY TO THAT EMBARGO. SUBSEQUENTLY THE COMMISSION RECEIVED NEWS REPORTS OF FRENCH GOVERNMENT "MOVES" REGARDING IMPORTS OF WINE FROM ITALY. LARDINOIS REPORTEDLY IS SEEKING CLARIFICAION TODAY FROM PARIS ON THE EXACT NATURE OF THESE "MOVES". THE PRESS SPOEKSMAN EMPHASIZED THAT UNDER EC RULES THERE IS NO LEGAL BASIS FOR BORDER MEASURES BY ONE MEMBER STATE ON WINE IMPORTS FROM ANOTHER MEMBER. GREENWALD

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